2004 Application for Automatic Extension of Time to File Corporation, Partnership, and Exempt Organization Returns

Arizona Form 120EXT

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090
Form Orders	(602) 542-4260
Forms by Fax	(602) 542-3756
Recorded Tax Information	
Phoenix	(602) 542-1991
From area codes 520 and 928, toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 and 928 toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

www.azdor.gov

General Instructions

Use of Form

- Use Form 120EXT only to apply for an extension of time to file Forms 99, 99T, 120, 120A, 120S, and 165.
- Form 120S and Form 165 filers: Use Form 204 to apply for an extension of time to file a composite return for nonresident individual shareholders or nonresident individual partners on Form 140NR.
- The department may grant an automatic Arizona extension if: (a) the taxpayer pays at least 90 percent of the tax liability by the original due date of the return, and (b) the Form 120EXT is postmarked or received by the original due date of the return. The extension application will be denied if the extension application is postmarked after the original due date of the return. A copy of the Form 120EXT will be returned to the taxpayer only if the extension application is denied.
- The taxpayer must use Form 120EXT to remit an extension payment, whether the taxpayer uses a valid federal extension or requests an Arizona extension.

Acceptance of Federal Extension

• The taxpayer can use a valid federal extension rather than applying for an Arizona extension. The taxpayer must pay at least 90 percent of the tax liability by the original due date of the return. [Refer to the instructions for line 1 (extension payment computation) for further information on the payment amount.] A taxpayer that uses a federal extension of time to file must use Form 120EXT to remit an extension payment. Mail the Form 120EXT and the extension payment to the address shown on the form.

Tax Return Original Due Dates

Form 99:

15th day of **fifth** month following close of taxable year.

Form 99T:

15th day of **fifth** month following close of taxable year.

Form 120:

15th day of **fourth** month following close of taxable year.

Form 120A:

15th day of **fourth** month following close of taxable year.

Form 120S:

15th day of **third** month following close of taxable year.

Form 165:

15th day of **fourth** month following close of taxable year.

Penalties and Interest

- A. Late Filing Penalty. A return filed after the original due date is subject to the late filing penalty unless the taxpayer has a valid federal or Arizona extension. If the taxpayer uses a federal extension, the taxpayer must check the federal extension box on page 1 of the return. A return filed after its extended due date is also subject to the late filing penalty. The late filing penalty is 4½ percent (.045) of the amount of tax required to be shown on the return. "Amount of tax required to be shown on the return" is the amount of tax imposed less the amount of any part of the tax paid on or before the beginning of the month and the amount of any credit against the tax which may be claimed on the return. The penalty period is each month or fraction of a month between the due date of the return and the date the taxpayer filed the return. The maximum penalty is 25 percent of the tax found to be remaining due.
- **B. Extension Underpayment Penalty**. A return filed without a check in the federal extension box on page 1 of the return (if the taxpayer uses a federal extension) is subject to the extension underpayment penalty. The taxpayer must pay at least 90 percent of the tax liability disclosed by its return on or before the original due date of the return. The department imposes the extension underpayment penalty on any late or underpaid extension payments. The extension underpayment penalty is one-half of one percent (.005) of the tax not paid. The penalty period is each 30 day period or fraction thereof between the original due date of the return and the date the taxpayer paid the tax. The maximum penalty is 25 percent of the tax not paid.
- **C.** Late Payment Penalty. The department imposes the late payment penalty on any amount shown as tax on a return that is not paid by the date prescribed for its payment. The late payment penalty is one-half of one percent (.005) of the unpaid tax for each month or fraction of a month that the tax remains unpaid, not to exceed 10 percent of the unpaid tax. "Amount of tax shown on the return" is the amount of tax imposed shown on the return less the amount of any part of the tax paid on or before the beginning of the month and the amount of any credit against the tax which may be claimed on the return.

NOTE: If two or more of the penalties described in A, B, or C apply, the maximum combined penalties cannot exceed 25 percent.

D. Interest. The department assesses interest on any portion of the tax, whether determined by the department or the taxpayer, not paid by the date prescribed for its payment. The department applies interest, compounded annually, in the same manner and at the same times as prescribed by Internal Revenue Code § 6621 with the following exception. **Exception:** The Arizona rate of interest for both underpayments and overpayments *for all taxpayers* is the federal underpayment rate under IRC § 6621(a)(2) [the federal short-term rate, determined pursuant to IRC § 6621(b), plus three percentage points]. On January 1 of each year, the department adds any interest outstanding as of that date to the principal amount of the tax. It is then a part of the principal amount of the tax and accrues interest until paid.

Rounding Dollar Amounts

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

Extension Payment Computation (Form 99T, 120, 120A, and 120S filers only)

NOTE: REFER TO THE TAX RETURN FORM AND ITS INSTRUCTIONS FOR INFORMATION REGARDING THE COMPUTATION OF THE TAX LIABILITY (INCLUDING THE \$50 MINIMUM TAX).

Line 1 -

Form 120 filers: The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2004 Form 120, page 1, line 24, less the amounts computed for lines 25 and 27 of Form 120. Reduce this amount by the claim of right adjustments, if applicable. NOTE: If the total of the amounts computed for lines 25 and 27 is larger than the amount computed for line 24, enter zero.

Form 120A filers: The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2004 Form 120A, page 1, line 16, less the amount computed for line 17 of Form 120A. Reduce this amount by the claim of right adjustments, if applicable. NOTE: If the amount computed

for line 17 is larger than the amount computed for line 16, enter zero.

Form 120S filers: The S corporation itself is subject to tax (including the \$50 minimum tax) *only* if it has income subject to tax at the corporate level on the federal Form 1120S. Income subject to tax is excess net passive income, capital gains, or certain built-in gains, reported on Form 120S, page 1, lines 2 and 3.

The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2004 Form 120S, page 1, line 20, less the amount computed for line 21 of Form 120S. NOTE: If the amount computed for line 21 is larger than the amount computed for line 20, enter zero.

Form 99T filers: The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2004 Form 99T, page 1, line 7.

Line 4 -

Form 120, 120A, 120S and 99T filers: The taxpayer must pay at least 90 percent of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90 percent of the amount on line 1, the taxpayer must make an extension payment.

Who May Sign Form 120EXT

The person authorized to sign the Form 120EXT may be:

- a duly authorized agent holding a power of attorney;
- a principal officer of the organization for Form 99 and Form 99T filers;
- a principal officer of the corporation for Form 120, 120A, and 120S filers; and
- a general partner authorized to file the partnership return for Form 165 filers.

Mailing Arizona Extension Requests

Mail Arizona extension requests to the address shown on the Form 120EXT. The extension request must be postmarked by the original due date of the return. Mark "Extension Request" on the envelope. No copy will be returned to the taxpayer unless the request is denied. Keep a copy of the Form 120EXT for the taxpayer's records.